

**SUPPLEMENT TO
REPORT NO.**

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for the manufacture of plaster. Fifty tons of plaster could be obtained daily from a daily supply of 200 tons of dolomite ore. Dairen, Manchuria, and Japan furnished the chief markets for plaster, which was used for architectural purposes. The Corporation normally employed about 50 Japanese and 200 Chinese on a contract basis. Miners were paid according to the quantity of ore they mined per day and received an average of 10 yen per day. Since V-J Day, the demand for building plaster in Dairen has fallen off completely, but an appropriation of one million yen has been granted by the Reconstruction Department of the Kwantung Bureau for the Corporation's present development of dolomite for the manufacture of dry ice.

- b. Lime: An endless reserve of lime was found in the limestone formations stretching from Choushuitzu to Chinchou and north to Fulantien, and well-developed transportation facilities rendered it highly productive. Limestone from the Kanachingtzu (122-05, 39-2) district of Dairen was used in the manufacture of flux for casting iron, and that from Choushuitzu was used in the manufacture of high-quality cement.
- c. Refractory clay: The Kwantung Pottery Industry, the Kawazaki (川崎) Pottery Company and many small factories in various towns on the Peninsula manufactured firebrick from the high-quality refractory clay which is found in endless reserves near Taweichiatur. The industry suffered little loss after V-J Day.
- d. Silica: As a raw material in the manufacture of glass, silica was one of the most important products of the Peninsula's mining industry. In 1945 the South Manchurian Railway Company and the Asahi (旭) Glass Corporation jointly raised a fund of three million yen and established the Shoko (昭光) Glass Corporation to manufacture plate glass, but the war came to an end just as production got under way. Under Soviet management, the factory is functioning once again.
- e. Asbestos: The Chinchou Asbestos Corporation, of which the chief shareholder was the Fukusho (福寿) Company, was capitalized at three million yen and was ready for full exploitation of the dolomite deposits at Chinchou when the war ended. Its principal equipment included one 100 hp. press, two 30 hp. hoists, five rock drills, one flattening stone mill, run by horsepower, two 10 hp. pumps, two trucks and one "Cyclone" separator. Before the establishment of this corporation, asbestos was produced by native hand labor from dolomite at the daily rate of 600 pounds per five tons of ore. The vein runs about 500 feet toward the water level at 30-degree inclination and is about 325 feet wide. The chief market for the finished product was furnished by Dairen, although a small quantity was used by the Ironworks in Anshan (122-57, 41-04). The Corporation normally employed six Japanese and about 80 Chinese workers on a contract basis, paying each of them an average of 10 yen per day. After V-J Day, the only piece of equipment remaining was the press. On 20 February 1947 SHIBATA Takeno (柴田 武人), a technician with the former Fukusho Company, was employed by the Soviet authorities to supervise the reopening of the mine under Soviet administration.

Ceramic and Allied Industries

3. The resources of lime, dolomite, refractory clay, silica and potter's clay were sufficient not only to meet the needs of the ceramic enterprises of Port Arthur and Dairen, but also to provide products for export to Japan, Korea, Manchuria and China. In spite of its rich reserve of raw materials, however, the ceramics industry ranked only fifth in the number of factories, sixth in capital investment and sixth in value of production among industries on the Kwantung Peninsula. The only ceramic or allied firms capitalized at more than five million yen were the Shoko Glass Corporation and the Konoda (小野田) Cement Company. Those with capital of one million yen or more were the South Manchurian Dolomite Company, the Great China Pottery Company and the Dairen Pottery Company. Other concerns with less than one million yen capital were low-grade factories employing inferior equipment and techniques. Nevertheless, as demands for the industries' products increased, so did the production, as indicated in the following chart:

Year	Number of Factories	*Capital Investment	Production
1939	137	27,783,000 yen	17,283,000 yen
1940	141	29,975,000 "	21,460,000 "
1941	159	34,421,000 "	21,718,000 "
1942	170	50,022,000 "	31,377,000 "

* Capital investment includes both fixed and floating capital.

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4. In 1942, the various ceramic industries and the number of factories in operation in each of these industries on the Kuantung Peninsula were as follows:

a. Pottery Ware	
Porcelain Tableware	1
Glass Vessels	3
Earthen Pipe (all sizes)	1
Jars (earthenware ?)	6
b. Glass and Glass Products	
Plate Glass	1
Glassware	1
Bottles	9
Mirrors	1
c. Brick	
Common Brick	4
Firebrick	8
Special types	1
d. Cement and Cement Products	
Cement	1
Cement Pipe	1
Dirt Box	1
"Rume" Pipe	1
Cement Tile	12
e. Lime	27
f. Magnesite and Dolomite	
Heavy Magnesia	2
Light Magnesia	1
Dolomite	14
g. Refined Lime Products	
Talc Powder	2
Silica Sand	1
Silica Powder	2
Feldspar Powder	1
Lime Epidote	1
Marble	1
h. Other Products	
Enamelware	2
Japanese Tile	3
Tile (?)	6
Magnesium Tile	2
Black Lead Powder	1
Black Lead Crucibles	1

Total number of factories 119

Of the above industries, the largest were the Glass and Glass Products, Porcelain Tableware, Plate Glass, Firebrick, Cement and Dolomite Industries.

The Firebrick Industry

5. Directly before V-J Day those companies engaged in producing firebricks on the Kuantung Peninsula and their individual production capacities were as follows:

<u>Company</u>	<u>Location</u>	<u>Products</u>	<u>Annual Production Capacity</u> (metric tons)
Dairen Pottery Company	Dairen	Standard Brick	40,000
		Magnesia Brick	
Eiko (營口) Pottery Company	"	Standard Brick	36,000
*Great China (Daika 大華) Mining Company	Kanchingtzu	Silica Brick	
		Standard Brick	15,000
Kawazaki (川崎) Pottery Company	Pulantien	Standard Brick	36,000
Tosho (東昌) Pottery Company	Shihho (121-51,39-20)	"	6,000
Kosshin (越新) Pottery Company	"	"	6,000
Port Arthur Firebrick Company	Port Arthur	"	3,600

*(See paragraph 13 of this report, for additional information on the Great China Mining Company.)

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<u>Company</u>	<u>Location</u>	<u>Products</u>	<u>Annual Production Capacity</u> (Metric tons)
Matsushita (松下) Steel Foundry(?)	Dairen	Standard Brick	2,300
Nanshu (南十) Steel Foundry(?)	"	"	2,300

The Porcelain Industry

6. The oldest and largest porcelain company on the Peninsula was the Great China (Daika) Pottery Company, which was established in 1921 with a capital of one million yen. Prior to V-J Day this company manufactured electrical insulators and porcelain tableware designed to suit the tastes of Chinese consumers. Its tunnel kiln was the only modern equipment of its kind on the Peninsula and was installed for the manufacture of insulators. Since V-J Day the Company's production has ceased completely.

The Glass Industry

7. The largest plate glass producer on the Peninsula was the Shoko Glass Company; in 1936 its production was eighty million square feet of plate glass. Another important glass producing company was the South Manchurian Glass Company, which specialized in the manufacture of cut glass and glass tableware considered to be among the best in Japan. Still another important producer in the glass industry was the Tokyo Electric Works' Electric Bulb Factory. Both the South Manchurian Glass Company and the Tokyo Electric Works' Electric Bulb Factory are still operating, but on a very small scale.

The Cement Industry

8. The Konoda Cement Company was the only cement producer on the Peninsula. When established in 1909 it was furnished with the latest equipment, and soon it was producing 50,000 tons of cement a year. Before V-J Day the company owned two 60-meter kilns and two smaller ones, but since then all the equipment except for one kiln has been destroyed and the present production capacity is only 200 tons per month.

Textile Industry

9. In comparison with the other industries in the Port Arthur and Dairen area, the textile industry was never very important. The cotton cloth and yarn produced were mainly for local consumption, very little being sent to other parts of Manchuria.
10. The principle textile firm in the Dairen and Port Arthur area for the past 30 years has been the Naigai Cotton Company in Chinchou, approximately 12 miles north of Dairen. Even though the company has always found it difficult to obtain sufficient quantities of raw cotton, it never has ceased operations. Ever since V-J Day it has continued to operate under Soviet management and, for a while, imported cotton from Shantung Province via Chefoo (Yentai 121-24, 37-32).
- On or about V-J Day, the Naigai Cotton Company had the following installations and equipment:
Spinning and Weaving Mill #1, equipped with 30,000 spindles.
Spinning and Weaving Mill #2, equipped with 50,000 spindles, 1,120 looms and 1,152 Japanese manual spinning wheels.
Spinning and Weaving Mill #3, equipped with 30,000 spindles and 1,152 looms.
 - Prior to V-J Day, the Naigai Cotton Company used 300,000 picul (1 picul = 60 kg = 100 catty) of raw cotton annually, 10,000 tons of coal annually, 1,000,000 kw of electricity monthly and 10,000 tons of water monthly. With all its factories in full operation, the Company employed 100 Japanese (technicians?) and 10,000 Chinese. It produced cotton yarn, cotton cloth, cotton twill and cotton flannel.
 - Since V-J Day, only 30,000 spindles have been in operation and only approximately 3,000 persons are employed by the company. It has been very difficult for the company to import raw cotton, coal and new parts for the spinning and weaving machines formerly supplied by Japan. In addition, the heating installations have broken down.

Machinery Industry

11. Dairen Machinery Company: Founded in 1919 by TAKADA, Tomokichi (高田友吉), this company's chief products were railroad rolling stock, including locomotives, passenger cars and freight cars, tractors, vehicles for use in the various in-

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industries such as dump-carts, fire-engines, cars for use in mines, etc., railway frogs, oil tanks, steel castings, iron castings, machine tools and manufactured oxygen. Prior to V-J Day the Dairen Machinery Company had the monthly production capacity of 12 locomotives, 20 passenger cars, 500 freight cars, 500 cars for use in the various industries, two tractors and 15 railroad switches and railroad frogs. After V-J Day a considerable amount of the equipment in the various installations of the Dairen Machinery Company was removed (? by the Soviet authorities?). As a result, most of the company's factories now contain no very complicated machinery but merely simple machine tools. At the present time, the company's chief products are hand carts, boilers, pipe fittings and shovels. However, under the control of the Dairen Machinery Company there is also an oxygen plant which is the sole supplier of manufactured oxygen in Dairen. Although some of the factory's equipment was removed (? by the Soviet authorities?), the factory has continued to operate at the request of the Soviet "Bureau of Materials Control" in Dairen. Recently, milling, shaping and drilling machines and tool grinders were installed so that the necessary repairs could be made. The factory's monthly production in August 1947 was 2,500 cylinders (of unknown size) of oxygen, 40 cylinders (of unknown size) of nitrogen and a certain amount of compressed air. The chief raw material required is caustic soda, which was formerly obtained from the Manchurian Soda Company in Kanchingtzu (122-05, 39-29). The Oxygen Factory will be compelled to stop production as soon as its present stock of caustic soda is exhausted.

12. Dairen Factory for the Repairing of Locomotives and Passenger and Freight Cars of the Chinese Changchun Railway, formerly the South Manchurian Railway Factory: Although originally established in 1907 to do repair work on railway rolling stock and manufacture railway equipment, this factory at the time of V-J Day was also manufacturing machinery required by electrical power plants, coal mines and iron foundries. Prior to V-J Day, this company had the capacity to produce 40 new locomotives and repair 260 annually; to produce 20 new passenger cars and repair 500 annually and to produce 300 freight cars and repair 2,800 annually. Since V-J Day the factory has been able to operate only on a small scale because of its inability to obtain the necessary raw materials. The factory's equipment was, however, neither seriously damaged during the war nor removed (? by the Soviet authorities?) after V-J Day.

Iron and Steel Industries

13. The Great China (Daika) Mining Company in Dairen: This company was established by UEJIMA, Keitoku (上島慶徳) in 1920, upon the request of the Japanese Navy Department, to manufacture special kinds of steel. Directly before V-J Day the company's products and annual production capacity were as follows:

<u>Products</u>	<u>Annual Production Capacity (Metric tons)</u>
High-speed Steel	300
Tool Steel	600
Nickel Steel and Chromium Steel	1,000
Stainless Steel	10
Ball-bearing Steel	1,000
Chrome-nickel Steel	2,500
Piano Wire	5
Steel Castings	1,000
Submarine Cables	2,000
Carbide	1,200
Welding Wire	10

The Great China (Daika) Mining Company obtained the following required raw materials from the following places:

<u>Raw Material</u>	<u>Source of Supply</u>
Ferro Tungsten	Chungju (Chushu /127-56, 36-58/)
Chrome	Japan
Nickel	U.S.A. (via Japan)
Ferromanganese	Chungju, Korea
Vanadium	Manchuria & Japan
Cobalt	England & Belgium via Japan
Zirconium	Brazil and Florida
Carbon	Japan, England and Belgium
Silicon and Manganese	Japan and Manchuria

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<u>Raw Material</u>	<u>Source of Supply</u>
Silica	Niuhsintai (123-54, 41-21)
Coal	Fushunhsien (123-54, 41-53)
Coke	Penchihu (123-43, 41-20) and Anshan (122-57, 41-04)
Minerals	Kaiyuan (124-05, 42-36)
Pig iron (of low phosphorus content)	Penchihu and Anshan

Directly after V-J Day, most of the company's equipment was greatly damaged (? by the residents of Dairen?). However, when conditions became normal again, the "Soviet Bureau of Materials Control" supervised the repair work needed on the installations, helped the company obtain the necessary raw materials and secured for it 30 new lathes. As a result, the company is now able to operate but only at 20% of its efficiency prior to V-J Day. The company's products and annual production capacity are now as follows:

<u>Product</u>	<u>Annual Production</u>
High-speed steel	50 metric tons
Stainless steel and ball bearing steel	100 " "
Piano wire	600 kg
Farming spades	200 metric tons
Steel castings	1,000 kg
Silica bricks	200 "
Ferroalloy	1 metric ton
Carbide	200 metric tons
Welding wire	1 metric ton

14. Kanchingtzu (122-05, 39-29) Factory of the Nisshinwa (日新鋼) Iron Works: Directly before V-J Day this factory employed 1,600 employees. Its products and production figures for 1944 were as follows:

<u>Product</u>	<u>Amount of Production in 1944 (metric tons)</u>
Nails	33.0
Barbed wire	7.4
Bolts	11.5
Nuts	3.5
Rivets	9.4
Spikes	2.0
Steel balls - 100 mm and 30 mm	6.0
Hammers (? heads ?)	9.5
Galvanized wire	.6
Communications wire	100.0
Steel ingots	2.6
Twisted wire	11.5
Rolled steel	8.2
	20.0

The equipment of this company was not heavily damaged after V-J Day. Only 40 machines for the manufacture of rails and 48 wire-drawing machines were reported removed (? by the Soviet authorities?) shortly after V-J Day. Since then the company has been under the control of the "Soviet Bureau of Materials Control" and has been operating on a small scale by using its reserve materials. The company's products and monthly production are now as follows:

<u>Product</u>	<u>Monthly Production</u>
Nails	20 metric tons
Barbed wire	120 " "
Axes	6,500 pieces
Wood screws	1.5 metric tons
Horse shoes	15,000 pieces
Hammers	1,800 "

15. Manchuria Chemical Industrial Works at Kanchingtzu: This company was established in 1936 by the South Manchurian Railway Company in order to supply Japan with ammonium sulphate. The synthetic process for manufacturing ammonia, tried out for the first time successfully in Germany, was adopted. The company's main source of coal came from Fushun and its sulphide minerals from Japan. Not only did the company use cheap coal, but it also employed impoverished farmers from North China at extremely low wages. However, because of the lack of sufficient electrical power, because of the difficulty to obtain coal in Manchuria and because of the impossibility of importing sulphide minerals from Japan after the outbreak of the war, the company's annual production dropped considerably. Further, at the time of V-J Day, the installations were already in urgent need of

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a complete renovation. Directly before the end of the war, the company's products and annual production capacity were as follows:

<u>Product</u>	<u>Annual Production Capacity (metric tons)</u>
Ammonium sulphate	240,000
Ammonium nitrate	6,500
Nitric acid (50° Be)	158,000
Concentrated sulphuric acid (60° Be)	6,000
Benzol	1,300
Tar	7,000
Creosote	1,000
Pitch	2,600
Coarse naphthalene	858
Anthracene	198

After V-J Day approximately 60% of the main factory of this company was dismantled by the Soviet Army, while such subsidiary factories as the nitrates factory and the factory for the refining of naphthalene were completely dismantled. Only the company's sulphuric acid factory and its coke furnaces and gas tanks were left intact.

In August 1947 the company was able to produce the following products: sulphuric acid for batteries, briquettes, aluminum sulphate dyes, copper sulphate, iron sulphate and hydrochloric acid.

16. The Manchurian Soda Company in Kanchingtzu: This company was established in 1936 to manufacture soda ash, soda salts and their by-products. Directly before V-J Day, the company's chief products were as follows:

<u>Product</u>	<u>Production Capacity</u>
Soda ash	200 metric tons daily
Caustic soda	2,500 metric tons annually
Calcium chloride	1,000 - 1,500 metric tons annually

After V-J Day, the principal installations of this company were not severely dismantled, but all the conveyor belts and a considerable number of electrical motors were stolen. However, between March 1946 and September 1946, when the caustic soda factory of the company was under the control of the Soviet authorities in Dairen, it was renovated and production was resumed. The caustic soda factory is the only factory of the Manchurian Soda Company in Kanchingtzu now in operation and is now producing caustic soda, sodium thiosulphate, soda crystals and table salt.

Petroleum Industry

17. Manchurian Petroleum Company: This company was established in 1935 at Kanchingtzu for the purpose of exploiting the petroleum resources in Manchuria, refining imported crude oil and manufacturing various mineral oils. Directly before V-J Day its principal products were gasoline, kerosene, light oil, heavy oil, lubricating oil, asphalt and paraffin. After V-J Day, almost all of the most modern equipment for manufacturing high grade lubricating oils and paraffin were removed (? by the Soviet authorities?). However, at the present time, the company is still able to operate, but on a very small scale, producing soap, margarine and shoe polish.

Soybean Oil Industry

18. The soybean oil industry in Dairen was considered, before V-J Day, the most profitable and prosperous industry on the Kuantung Peninsula. With the introduction in 1911 of new techniques for the extraction of oil from the soybean, the production capacity of the soybean oil industry in Dairen was greatly increased. The following are some of the principal soybean oil factories in Dairen and its vicinity directly before V-J Day:

a. Japan-China Oil Company:

Prior to V-J Day, this company had the following five main installations: a factory for the extraction of oil from the soya bean, refinery, purification plant, flour mill and a mixed grain mill. Its principal products were perilla oil, sesame oil, castor oil, crude oil, refined edible oil, flour and mixed cereals.

After V-J Day, although most of the company's principal equipment was left unharmed, a considerable amount of motors and conveyor belts were removed (? by the Soviet authorities?). At the present time the company is now operating on a very small scale, employing 18 Japanese, 150 Chinese and 18 Soviet citizens.

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- b. Soybean Chemical Works: Directly before V-J Day, this company was ordered by the Japanese Army authorities to send some of the machinery in its Dairen factories to its Tunghua (125-57, 41-43) factory, which was then being built, and most of the remaining machinery to a soybean oil factory in Antung (124-23, 40-09). While the removal of all this equipment from Dairen was taking place, the war came to an end. Most of the equipment intended for Tunghua and Antung never did reach those cities, being lost along the way in the confusion that followed the capitulation of Japan.
- c. Honen (~~年~~) Oil Company: Directly before V-J Day, this company was operating a factory for the extraction of benzene (? from soybean oil?) and a refinery. The principal equipment of the benzene extraction factory included three "bean selection machines", 20 "rollers", two drying machines, one tank for measurement of liquids, three machines for distillation measurements, 16 tanks for the extraction of benzene and two benzene distillers. The principal equipment of the refinery of the Honen Oil Company included fourteen tanks, 16 flat boilers, three vacuum deodorant receptacles and three filter presses.
- After V-J Day, most of the belts were removed (? by the Soviet authorities?) from the installations of the Honen Oil Company. They were, however, later replaced by cotton belts which have not proved very practicable. The company now employs 230 Chinese and 10 Japanese.

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